

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 16, 2009

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB1640 by Harris (Relating to methods and procedures of ad valorem tax valuation of inventory of persons engaged in the business of leasing or renting certain vehicles, machinery, or equipment, and to any collection by those persons of tax escrow payments.),
As Introduced

The bill would change the method of appraisal for certain qualified rented heavy equipment inventory at the option of the inventory owner. Because it is not clear whether appraisal under the bill would result in a change in value or how many qualified property owners would choose the optional appraisal and escrow method, there could be an indeterminate fiscal impact to the state.

The bill would allow a person who is otherwise subject to dealer's heavy equipment inventory valuation and who rents or leases certain heavy equipment to choose to be appraised instead by normal inventory market value appraisal methods and to include an escrow amount for payment of the property tax in the rental agreement.

The bill would change the method of appraisal for certain qualified rented heavy equipment inventory at the option of the inventory owner. It is not clear whether appraisal under the bill would result in a change in value. Also, it is unknown how many qualified property owners would choose the optional appraisal and escrow method allowed by the bill. As a result, the fiscal effect of the bill cannot be estimated.

The bill would be effective September 1, 2009.

Local Government Impact

The bill would change the method of appraisal for certain qualified rented heavy equipment inventory at the option of the inventory owner. Because it is not clear whether appraisal under the bill would result in a change in value or how many qualified property owners would choose the optional appraisal and escrow method, there could be an indeterminate fiscal impact to local taxing units.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, SJS